

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Big Prairie/Everett Cemetery	County Newaygo
Fiscal Year End 3/31/07	Opinion Date 9/28/07	Date Audit Report Submitted to State 10/1/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

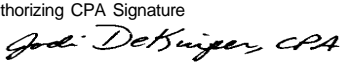
YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe) Internal Control Letter	<input checked="" type="checkbox"/>		
Certified Public Accountant (Firm Name) Hendon & Slate, PC		Telephone Number 231-924-6890	
Street Address 711 W. Main Street		City Fremont	State Zip MI 49412
Authorizing CPA Signature 	Printed Name Jodi DeKuiper		License Number 1101021180

**BIG PRAIRIE/EVERETT CEMETERY  
NEWAYGO COUNTY, MICHIGAN**

**JOINT VENTURE  
FINANCIAL REPORT**

**March 31, 2007**

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## **BIG PRAIRIE/EVERETT CEMETERY**

### Board Members

	<u>Position</u>
Dave Wright	Supervisor
Margie Green	Clerk
Janice Parish	Treasurer
Jodey Burns	Trustee
Gloria Reyes	Trustee
Don Clary	Trustee
Jodie Ruehmeier	Trustee
Judy Baker	Trustee
Marion Davison	Trustee
Mary Anderson	Trustee

# H&S Companies

Hendon & Slate, PC  
Certified Public Accountants  
Business Consultants

Cemetery Board  
Big Prairie/Everett Cemetery  
Newaygo County  
White Cloud, MI

## Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Big Prairie/Everett Cemetery as of and for the year ended March 31, 2007, which collectively comprise the Cemetery's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Cemetery's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note A, the general purpose financial statements present only the Big Prairie/Everett Cemetery, a joint venture with Big Prairie and Everett Townships, and are not intended to present fairly the financial position of Big Prairie or Everett Township and the results of its operations and the cash flows in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Big Prairie/Everett Cemetery, Michigan as of March 31, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Toll Free (800) 924-6891

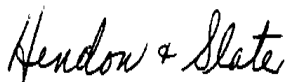
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Phone (231) 893-6772

Hart  
1550 N. Industrial Park Drive  
Hart, MI 49420  
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Fax (231) 873-7033

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The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and pages 18 through 19, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Big Prairie/Everett Cemetery, Michigan's basic financial statements. The introductory section, combining and individual non major fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in cursive script that reads "Hendon & Slate".

Hendon & Slate, P.C.

Certified Public Accountants

September 28, 2007

## BIG PRAIRIE/EVERETT CEMETERY

### Management's Discussion and Analysis (MD&A) For the Year Ended March 31, 2007

#### Using this Annual Report

This annual report consists of a series of financial statements. The Governmental Wide Statement of Net Assets and the Government Wide Statement of Activities provide information about the activities of the Cemetery as a whole and present a longer-term view of the Cemetery's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Cemetery's operations in more detail than the government-wide financial statements.

#### The Cemetery as a Whole

The Cemetery's combined net assets increased by approximately \$11,900 (or 18%) - increasing from \$66,714 to \$78,580 over two years ago. This was partially due to the increase in capital assets.

	Governmental Activities 2007	Governmental Activities 2005
Current Assets	\$ 69,181	\$ 64,347
Non Current Assets	10,004	3,312
Total Assets	<u>\$ 79,185</u>	<u>\$ 67,659</u>
Current Liabilities	<u>\$ 605</u>	<u>\$ 945</u>
Net Assets		
Invested in Capital Assets-Net of Debt	\$ 10,004	\$ 3,312
Restricted	41,782	40,393
Unrestricted	<u>26,794</u>	<u>23,009</u>
Total Net Assets	<u>\$ 78,580</u>	<u>\$ 66,714</u>

Unrestricted net assets - the part of net assets that can be used to finance day to day operations, increased by approximately \$1,400 - increasing from \$23,009 to \$24,413 over two years ago. This represents an increase of approximately 6%.

Program Revenues		
Charges for Services	\$ 5,725	\$ 9,095
General Revenues		
Contributions from Local Units	20,786	17,083
Investment Earnings	1,910	370
Donations	<u>25</u>	<u>-</u>
Total Revenues	\$ 28,446	\$ 26,548

## Management's Discussion and Analysis (Continued)

Program Expenses		
General Government	22,114	18,365
	<hr/>	<hr/>
Total Expenses	22,114	18,365
	<hr/>	<hr/>
Change in Net Assets	\$ 6,332	\$ 8,183
	<hr/>	<hr/>

The Cemetery's total net assets continue to remain healthy. The total revenues increased by nearly \$1,900 (or 7%) over two years ago, however, total expenses increased by approximately \$3,700 (or 20%) over two years ago.

### **Governmental Activities**

The Cemetery's total governmental revenues increased about \$1,800 from March 31, 2005. This increase is mainly due from an increase in charges for services.

Expenditures increased by about \$12,000 from March 31, 2005. This was mainly due to investments in capital assets and repairs to buildings and equipment.

### **Business-Type Activities**

The Cemetery had no business type activities.

### **The Township's Fund**

Our analysis of the Cemetery's major funds follows the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Cemetery as a whole. The Cemetery Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Cemetery's major funds for March 31, 2007 were the General fund and Perpetual Care fund. The Cemetery's non-major fund is the Veteran's Memorial fund.

The General fund pays for most of the Cemetery's governmental services. About 36% of the General fund expenditures are made up of wages and payroll taxes, amounting to \$10,076.

### **General Fund Budgetary Highlights**

Over the course of the year, the Cemetery Board found it necessary to amend the budget to provide for unexpected costs for Capital Assets and repairs to equipment, buildings and grounds as a result of storm damage. The Board did not over-expend on any activities by a material amount.

### **Capital Asset and Debt Administration**

At the end of 2007, the Cemetery had \$25,547 invested in capital assets, made up of significantly equipment. Also, the Cemetery has no long-term debt as of March 31, 2007.

**Economic Factors and Next Year's Budgets and Rates**

The Cemetery's budget for 2008 calls for a small increase in contributions from local units due to the limited allowed property value increases (the lesser of inflation or 5%). The Cemetery receives an amount equal to a special millage at the Township of Everett. The Township of Big Prairie provides an amount equal to this payment from the general fund. The Cemetery Board budget projects a 2% decrease in revenues. The budget for expenditures increased by 46%, however, this includes a 150% increase in the contingency balance and 64% increase in investment in Capital Assets as some of the equipment will need to be replaced and there are plans to make further improvements to the Cemetery Chapel.

**Contacting the Cemetery's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Cemetery's finances and to show the Cemetery's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office at either Big Prairie or Everett Township.

# **BIG PRAIRIE/EVERETT CEMETERY**

## **Government Wide Statement of Net Assets March 31, 2007**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash - Checking	\$ 16,973
- Savings	16,689
- Certificates of Deposit	29,356
Due from Townships	6,163
Property & Equipment	25,547
Accumulated Depreciation	<u>(15,543)</u>
 Total Assets	 79,185
 <b>LIABILITIES &amp; NET ASSETS</b>	
Liabilities	
Accounts Payable	201
Accrued Payroll Taxes	<u>404</u>
 Total Liabilities	 <u>605</u>
 <b>NET ASSETS</b>	
Invested in Capital Assets	
Net of Related Debt	10,004
Restricted for Perpetual Care	41,782
Unrestricted	<u>26,794</u>
 Total Net Assets	 <u><u>\$ 78,580</u></u>

The Notes to the Financial Statements are an integral part of this statement

# BIG PRAIRIE/EVERETT CEMETERY

## Government Wide Statement of Activities For the Year Ended March 31, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expenses) Revenue and Changes in Net Assets Governmental Activities</u>
Primary Government			
General Government	<u>\$      22,114</u>	<u>\$      5,725</u>	<u>\$      (16,389)</u>
Total Primary Government	<u><u>\$      22,114</u></u>	<u><u>\$      5,725</u></u>	<u>(16,389)</u>
General Revenues			
Contributions from Local Units			20,786
Interest Income			1,910
Donations			<u>25</u>
Total General Revenues			<u>22,721</u>
Change in Net Assets			6,332
Net Assets - Beginning			<u>72,248</u>
Net Assets - Ending			<u><u>\$      78,580</u></u>

The Notes to the Financial Statements are an integral part of this statement

**BIG PRAIRIE/EVERETT CEMETERY**Governmental Fund Balance Sheet  
March 31, 2007

	General Fund	Perpetual Care Fund	Non-Major Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash - Checking	\$ 14,948	\$ -	\$ 2,025	\$ 16,973
- Savings	-	16,689	-	16,689
- Certificates of Deposit	-	29,356	-	29,356
Due from Townships	<u>6,163</u>	<u>-</u>	<u>-</u>	<u>6,163</u>
Total Assets	<u>\$ 21,111</u>	<u>\$ 46,045</u>	<u>\$ 2,025</u>	<u>\$ 69,181</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 201	\$ -	\$ -	\$ 201
Accrued Payroll Taxes	<u>404</u>	<u>-</u>	<u>-</u>	<u>404</u>
Total Liabilities	605	-	-	605
<b>FUND BALANCES</b>				
Reserved	-	41,782	-	41,782
Unreserved	<u>20,506</u>	<u>4,263</u>	<u>2,025</u>	<u>26,794</u>
Total Fund Balances	<u>20,506</u>	<u>46,045</u>	<u>2,025</u>	<u>68,576</u>
Total Liabilities and Fund Balance	<u>\$ 21,111</u>	<u>\$ 46,045</u>	<u>\$ 2,025</u>	<u>\$ 69,181</u>

The Notes to the Financial Statements are an integral part of this statement

## BIG PRAIRIE/EVERETT CEMETERY

### Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets For the Year Ended March 31, 2007

Total Governmental Fund Balances	\$	68,576
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Total net assets reported for governmental activities in the statement of net assets are different from the amount reported as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental Capital Asset	\$	25,547	
Governmental Accumulated Depreciation		<u>(15,543)</u>	<u>10,004</u>

Total Net Assets - Governmental Activities	\$	<u><u>78,580</u></u>
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The Notes to the Financial Statements are an integral part of this statement

# BIG PRAIRIE/EVERETT CEMETERY

## Governmental Fund Statements of Revenue, Expenditures, and Changes in Fund Balance For the Year Ended March 31, 2007

	General Fund	Perpetual Care Fund	Non-Major Governmental Fund	Total Governmental Funds
<b>Revenues</b>				
Contributions from Local Units	\$ 18,786	\$ -	\$ 2,000	\$ 20,786
Charges for Services	3,900	1,825	-	5,725
Donations	-	-	25	25
Interest	28	1,882	-	1,910
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	22,714	3,707	2,025	28,446
<b>Expenditures</b>				
General Government	29,530	-	-	29,530
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	29,530	-	-	29,530
	<hr/>	<hr/>	<hr/>	<hr/>
Excess Revenue Over (Under) Expenditures	(6,816)	3,707	2,025	(1,084)
Fund Balance - April 1	27,322	42,338	-	69,660
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance - March 31	\$ 20,506	\$ 46,045	\$ 2,025	\$ 68,576
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Notes to the Financial Statements are an integral part of this statement

## BIG PRAIRIE/EVERETT CEMETERY

### Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended March 31, 2007

Net Change in Fund Balances - Total Governmental Funds	\$	(1,084)
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Amounts reported for governmental activities in the statement of activities are different because:

The acquisition of capital asses are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated lives as annual depreciation expense in the statement of activities:

Capital outlay reported in the governmental fund statements	\$	9,255
Capital outlay reported as expenses in the statement of		<u>(827)</u>

The net effect of various miscellaneous transactions involving capital asses (i.e., sales, trade-ins, and donations) is to increase (decrease) assets.	8,428
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Depreciation expense reported in the statement of activities	<u>(1,012)</u>	7,416
		<hr/>

Changes in Net Assets - Governmental Activities	\$	<u><u>6,332</u></u>
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The Notes to the Financial Statements are an integral part of this statement

## **BIG PRAIRIE/EVERETT CEMETERY**

Notes to the Financial Statements  
For the Year Ended March 31, 2007

### **NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Big Prairie/Everett Cemetery conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant policies us by Big Prairie/Everett Cemetery.

#### **1 Reporting Entity**

The Big Prairie/Everett Cemetery is a joint venture between Big Prairie Township and Everett Township. The board is appointed by the two township boards and the property on which the cemetery exists is held by the two townships. The Cemetery operations are funded by charges for services and financial support from Everett and Big Prairie Townships. Everett Township collects a portion of millage to support the Cemetery, which is remitted annually to the Cemetery. Big Prairie Township supports the Cemetery from the General Fund with an amount equal to the amount remitted by Everett Township.

#### **2 Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

### 3 Measurement Focus, basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period.

The government reports the following major governmental funds:

The General fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Perpetual Care fund accounts for money held by the Cemetery for the perpetual care of cemetery lots. The interest earned on investments may be used for upkeep while the corpus is non-expendable.

The government also reports the following non-major governmental funds:

The Veterans Memorial fund accounts for donations collected to erect a memorial at the cemetery.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

## Notes to the Financial Statement (Continued)

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

### 4 Assets, Liabilities, and Fund Balance

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is generally allocated to each fund based on the cash balance in each fund.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

Inventories and Prepaid Items - Payments for inventorable types of supplies are recorded as expenditures at the time of purchase. Normally expenditures are not divided between years by the recording of prepaid expenses. There were no material inventories at year end.

Restricted Assets - Cash in the Perpetual Care Fund is restricted. The corpus can not be spent, however income earned from the restricted cash may be used to maintain the cemetery.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	50 years
General Equipment	5 - 15 years

No salvage value is being estimated by the Cemetery.

Long-Term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. The Cemetery has no long-term debt outstanding.

## Notes to the Financial Statements (Continued)

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### NOTE B STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The Township approves its originally adopted budget by the end of the current fiscal year. Amendments are approved periodically during the year.

The budget document presents information by fund, activity, and line items. The legal level of budgetary control adopted by the governing body is the activity level.

The Cemetery does not utilize encumbrance accounting.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Local Governmental Unit did not incur expenditures in which were materially in excess of the amounts appropriated.

### NOTE C DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Cemetery to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Cemetery is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Cemetery Board has designated two banks (Independent Bank - West & Choice One Bank) for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government, bank accounts and CD's, bankers' acceptances of United States banks, and mutual funds under the Investment Company Act of 1940, but not the remainder of State statutory authority as listed above.

The Cemetery's deposits and investment policy are in accordance with statutory authority.

Notes to the Financial Statements (continued)

The Cemetery's deposits were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash and Cash Equivalents	\$ 63,018

The bank balance of the Cemetery's deposits is \$63,018, which is covered by federal depository insurance (FDIC).

NOTE D CAPITAL ASSETS

Capital asset activity of the primary government of the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated				
Buildings & Improvements	\$ 3,499	\$ 963	\$ -	\$ 4,462
Equipment	13,620	2,415	-	16,035
Land Improvements	-	5,050	-	5,050
	<u>17,119</u>	<u>8,428</u>	<u>-</u>	<u>25,547</u>
Less Accumulated Depreciation for				
Buildings & Improvements	3,499	20	-	3,519
Equipment	11,032	824	-	11,856
Land Improvements	-	168	-	168
	<u>14,531</u>	<u>1,012</u>	<u>-</u>	<u>15,543</u>
Net Capital Assets being depreciated	<u>2,588</u>	<u>7,416</u>	<u>-</u>	<u>10,004</u>
Capital Assets - Net of Depreciation	<u>\$ 2,588</u>	<u>\$ 7,416</u>	<u>\$ -</u>	<u>\$ 10,004</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General Government	<u>\$ 1,012</u>
Total Governmental Activities	<u>\$ 1,012</u>

NOTE F RISK MANAGEMENT

The Cemetery is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets and omissions; and natural disasters for which the Cemetery carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Notes to the Financial Statement (Continued)

NOTE G RECEIVABLES

Receivables as of year-end for the Cemetery's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollected accounts, are as follows:

	General <u>Fund</u>	Perpetual Care <u>Fund</u>	Non-Major Governmental <u>Funds</u>	<u>Total</u>
Due from Local Townships	\$ 6,163	\$ -	\$ -	\$ 6,163

NOTE H RESERVED FUND BALANCE

The restricted fund balance is the amount of perpetual care funds held as of March 31, 2007.

NOTE I RELATED PARTY TRANSACTIONS

During the year ended March 31, 2007, the Cemetery purchased supplies and maintenance services from a business that is owned by the Cemetery sexton. The total expended for this company was \$1,221.

# BIG PRAIRIE/EVERETT CEMETERY

## Required Supplementary Information Budgetary Comparison Schedule for General Fund For the Year Ended March 31, 2007

	Budgeted Amounts			Variance to
	Original	Final	Actual	Final Budget
Beginning Year Fund Balance	\$ 24,458	\$ 24,458	\$ 27,322	\$ 2,864
Resources (Inflows)				
Contributions from Local Units - Big Prairie	9,000	9,000	9,396	396
Contributions from Local Units - Everett	9,000	9,000	9,390	390
Lot Sales	1,000	1,200	1,825	625
Foundations	200	-	-	-
Openings & Closings	2,000	2,000	2,075	75
Interest	25	25	28	3
Amounts Available for Appropriation	<u>\$ 45,683</u>	<u>\$ 45,683</u>	<u>\$ 50,036</u>	<u>\$ 4,353</u>
Changes to Appropriations (Outflows)				
Wages	\$ 15,400	\$ 11,500	\$ 9,365	\$ 2,135
Payroll Taxes	900	900	711	189
Office & Operating Supplies	2,200	2,425	2,161	264
Professional Services	1,000	1,900	1,900	-
Phone	25	25	-	25
Transportation	25	25	-	25
Printing & Publishing	250	250	93	157
Insurance	2,000	2,000	1,874	126
Utilities	1,000	1,000	695	305
Repairs & Maintenance	4,000	4,000	3,450	550
Miscellaneous	50	50	10	40
Refunds	500	500	16	484
Capital Improvements	5,000	6,850	6,840	10
Equipment	500	2,425	2,415	10
Contingencies	1,000	-	-	-
Total Charges to Appropriation	<u>33,850</u>	<u>33,850</u>	<u>29,530</u>	<u>4,320</u>
Budgetary Fund Balance - March 31, 2007	<u>\$ 11,833</u>	<u>\$ 11,833</u>	<u>\$ 20,506</u>	<u>\$ 8,673</u>

# **BIG PRAIRIE/EVERETT CEMETERY**

## Required Supplementary Information Budgetary Comparison Schedule for Perpetual Care Fund For the Year Ended March 31, 2007

	Budgeted Original	Amounts Final	Actual	Variance to Final Budget
Beginning Year Fund Balance	\$ 40,929	\$ 40,929	\$ 42,338	\$ 1,409
Resources (Inflows)				
Lot Sales	1,825	1,825	1,825	-
Interest	1,106	1,106	1,882	776
Amounts Available for Appropriation	43,860	43,860	46,045	2,185
Changes to Appropriations (Outflows)				
Other	-	-	-	-
Total Changes to Appropriations	-	-	-	-
Budgetary Fund Balance - March 31, 2007	43,860	43,860	46,045	2,185

# H&S Companies

Hendon & Slate, PC  
Certified Public Accountants  
Business Consultants

October 1, 2007

Marge Green  
Big Prairie/Everett Cemetery  
Newaygo County, Michigan

As a result of our recent examination of the books and records of your Cemetery for the fiscal year ended March 31, 2007, enclosed please find:

1. Seven (7) copies of the audit report.
2. Seven (7) copies of the internal control letter.
3. One (1) copy of the Auditing Procedures Report.

Should any questions arise on the enclosed materials, please call upon us.

Respectfully submitted,



Jodi DeKuiper, CPA  
Hendon & Slate, P.C.

Grand Rapids  
3986 Lake Michigan Dr. NW  
Grand Rapids, MI 49546  
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Fax (616) 453-9352

Muskegon  
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Phone (231) 798-1040  
Fax (231) 798-8409

Fremont  
711 West Main Street  
Fremont, MI 49412  
Phone (231) 924-6890  
Fax (231) 924-4088  
Toll Free (800) 924-6891

Montague  
4538 Dowling Street  
Montague, MI 49437  
Phone (231) 893-6772

Hart  
1550 N. Industrial Park Drive  
Hart, MI 49420  
Phone (231) 873-5611  
Fax (231) 873-7033

[www.hscompanies.com](http://www.hscompanies.com)

# H&S Companies

Hendon & Slate, PC  
Certified Public Accountants  
Business Consultants

September 28, 2007

Board Members  
Big Prairie/Everett Cemetery  
White Cloud, MI

A recent change in auditing standards (SAS 112 - *Communicating Internal Control Related Matters Identified in an Audit*) now requires that we provide a new letter that focuses on the internal controls over financial reporting.

In planning and performing our audit of the financial statements of Big Prairie/Everett Cemetery as of and for the year ended March 31, 2007 in accordance with auditing standards generally accepted in the United States of America, we considered Big Prairie/Everett Cemetery's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cemetery's internal control. Accordingly, we do not express an opinion on the effectiveness of Big Prairie/Everett Cemetery's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency to be a significant deficiency in internal control.

Grand Rapids  
3986 Lake Michigan Dr. NW  
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Anti-Fraud Program

The Cemetery has not adopted an Anti-Fraud Program as required by SAS 99 (see sample on Standards of Ethics and Conduct attached.)

Controls over Non-Routine and Non-Systematic Transactions

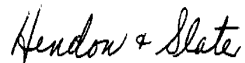
The Cemetery does not have controls in place whereby journal entries are reviewed by individuals independent of the person initiating the transactions.

Controls over the Selection and Application of Accounting Principles that are in Conformity with Generally Accepted Accounting Principles

The Cemetery currently does not have personnel available with sufficient expertise to select and apply the accounting principles necessary to prepare the financial statements and note disclosures contained in the audit report.

This communication is intended solely for the information and use of management, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Hendon & Slate, P.C.  
Certified Public Accountants  
September 28, 2007